

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION

In the Matter of)

Re: Order No. ATL-99-2

NEIL NOTKIN,)

Dated: February 4, 1999

)
Former Officer of)
Palm Beach Federal Savings Bank,)
Palm Beach Gardens, Florida)
_____)

STIPULATION AND CONSENT TO THE ISSUANCE OF AN
ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, the Office of Thrift Supervision ("OTS"), based upon information derived from the exercise of its regulatory responsibilities, has informed NEIL NOTKIN, who at all relevant times was a former officer of Palm Beach Federal Savings Bank, Palm Beach Gardens, Florida ("Palm Beach Florida"), that grounds exist to initiate administrative cease-and-desist proceedings against him pursuant to 12 U.S.C. § 1818(b);¹ and

WHEREAS, NEIL NOTKIN desires to cooperate with the OTS and to avoid the time and expense of such administrative proceedings and, without admitting or denying and without any adjudication on the merits, that such grounds exist, or the Findings of Fact or opinions and conclusions of the OTS, except as to Jurisdiction (paragraph 1, below), which is admitted, hereby stipulates and agrees to the following:

¹ All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

1. Jurisdiction.

(a) Palm Beach Federal is a "savings association" within the meaning of 12 U.S.C. § 1813(b) and 12 U.S.C. § 1462(4). Accordingly, it is an "insured depository institution" as that term is defined in 12 U.S.C. § 1813(c).

(b) NEIL NOTKIN, as a former officer of Palm Beach Federal, is deemed to be an "institution-affiliated party" as that term is defined in 12 U.S.C. § 1813(u), having served in such capacity within six (6) years of the date hereof. *See* 12 U.S.C. § 1818(i)(3).

(c) Pursuant to 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal banking agency" to maintain administrative proceedings against such a savings association or its institution-affiliated parties. Therefore, NEIL NOTKIN is subject to the jurisdiction of the OTS to initiate and maintain administrative proceedings against him pursuant to 12 U.S.C. § 1818. The Director of the OTS has delegated to the Regional Director of the Southeast Region of the OTS or his designee ("Regional Director") the authority to issue orders where the individual subject to the order has consented to its issuance.

2. OTS Findings of Fact. The OTS finds that:

Between August and October of 1992, NEIL NOTKIN, while Managing Officer and Chief Executive Officer of Palm Beach Federal, repeatedly caused Palm Beach Federal to enter into a series of transactions with Housing Mortgage Corporation, an affiliate of Palm Beach Federal, described as loan purchases. NEIL NOTKIN caused Palm Beach Federal to engage in such loan purchases in an amount far in excess of the amount of such transactions legally permissible under Section 23A of the Federal Reserve Act, 12 U.S.C. §371c(a)(1). In addition, in structuring and administering the transactions, NEIL NOTKIN caused Palm Beach Federal to fail to take steps

necessary to protect its financial interest in the transactions, thus engaging in unsafe and unsound practices and breaching his fiduciary duty to Palm Beach Federal. By his actions, NEIL NOTKIN acted with reckless disregard for the law. As a result of these expenditures, Palm Beach Federal suffered substantial monetary losses.

3. Consent. NEIL NOTKIN consents to the issuance by the OTS of the accompanying Consent Order to Cease and Desist for Affirmative Relief ("Order"). NEIL NOTKIN further agrees to comply with the terms of the Order upon issuance, and stipulates that the Order complies with all requirements of law.

4. Finality. The Order is issued pursuant to 12 U.S.C. § 1818(b). Upon its issuance by the OTS, it shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

5. Waivers. NEIL NOTKIN waives the following:

- (i) the right to be served with a written notice of the OTS's charges against him as provided by 12 U.S.C. § 1818;
 - (ii) the right to an administrative hearing of the OTS's charges against him as provided by 12 U.S.C. § 1818;
 - (iii) the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(h), or otherwise to challenge the validity of the Order;
-
- (iv) any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this

OTS enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412.

6. Indemnification Limitations. NEIL NOTKIN represents that he has not received, directly or indirectly, any sums from Palm Beach Federal for the purpose of indemnifying or reimbursing him for any expenses incurred by him relating to the issuance of the Order. NEIL NOTKIN shall neither cause nor permit Palm Beach Federal (or any successor institution, subsidiary or service corporation thereof) to incur, directly or indirectly, any expense for any legal or other professional services rendered to NEIL NOTKIN relative to the negotiation and issuance of the Order, nor obtain any indemnification (or other reimbursement) from Palm Beach Federal (or any successor institution, subsidiary or service corporation thereof) with respect to such expenses. In the event that any such payments are received by or on behalf of NEIL NOTKIN in connection with this action, NEIL NOTKIN agrees promptly to notify the OTS of the receipt of such payments and to return such payments without delay to Palm Beach Federal (or any successor institution, subsidiary or service corporation thereof).

7. Scope of Release; Other Governmental Actions Not Affected.

(a) Upon the OTS's issuance of the accompanying Order, following the OTS's acceptance of this Stipulation executed by NEIL NOTKIN, the OTS does hereby forever release and discharge NEIL NOTKIN from all potential claims and charges that have been or might have been asserted by the OTS based on the alleged violations and unsafe or unsound practices at Palm Beach Federal. NEIL NOTKIN understands that the release provided by this paragraph is limited *solely* to administrative actions the OTS could take based on the above-alleged violations summarized in the above OTS Findings of Fact, or in any findings or conclusions contained in any Report of

Examination of Palm Beach Federal, conducted by the OTS prior to the effective date of this Order.

This release shall not preclude or effect any right of the OTS to determine and ensure compliance with the terms and provisions of the Order and this Stipulation.

(b) NEIL NOTKIN acknowledges and agrees that his consent to the issuance of the Order is solely for the purpose of resolving certain potential OTS administrative enforcement charges as provided by paragraph 7(a) above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, or liability of NEIL NOTKIN that arise pursuant to this action or otherwise and that may be or have been brought by another governmental entity.

8. Bankruptcy. NEIL NOTKIN acknowledges and agrees that pursuant to 11 U.S.C. § 523(a)(11), his restitution obligation under the Order is not a dischargeable debt, and he waives any right to seek discharge of such obligation in any bankruptcy proceeding.

9. Miscellaneous.

(a) The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

(b) All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;

(c) The section and paragraph headings in this Stipulation and the Order are for convenience only, and such headings shall not affect the interpretation of this Stipulation or the Order;

(d) The terms of this Stipulation and the Order represent the final written agreement of the parties with respect to the subject matters hereof, and constitute the sole agreement of the parties with respect to such subject matters; and

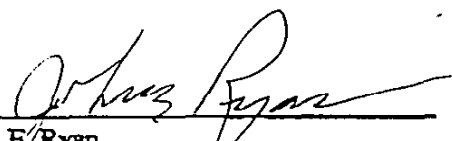
(e) This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

WHEREFORE, on this 1st day of February 1999, NEIL NOTKIN executes this Stipulation, intending to be legally bound hereby.

Accepted on the date of the Order by:
OFFICE OF THRIFT SUPERVISION



NEIL NOTKIN

By: 

John E. Ryan
Southeast Regional Director

UNITED STATES OF AMERICA
Before the
OFFICE OF THRIFT SUPERVISION
DEPARTMENT OF THE TREASURY

In the Matter of)

NEIL J. NOTKIN,)

Former Chief Executive Officer)
of Palm Beach Federal Savings Bank, FSB)
Palm Beach Gardens, Florida,)

Respondent.)
_____)

Order No. ATL-99-2

Date: February 4, 1999

ORDER TO CEASE AND DESIST FOR AFFIRMATIVE RELIEF

WHEREAS, the Respondent, NEIL J. NOTKIN ("NOTKIN") has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist for Affirmative Relief ("Stipulation"); and

WHEREAS, NOTKIN, by his execution of the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist for Affirmative Relief ("Order") pursuant to 12 U.S.C. §

1818(b).¹

WHEREAS, the Director of the Office of Thrift Supervision ("OTS") has delegated to the Regional Directors of the OTS the authority to issue an Order to Cease and Desist for Affirmative

¹ All references to the United States Code ("U.S.C.") are as amended, unless otherwise indicated.

Relief on behalf of the OTS where the institution-affiliated party who is the subject of the Order has consented to the issuance of the Order;

NOW, THEREFORE, IT IS ORDERED, pursuant to 12 U.S.C. § 1818(b), that:

1. NOTKIN shall not, without the prior written approval of the Regional Director of the Southeast Region of the OTS (or, if the institution is not regulated by the OTS, without the prior approval of an appropriate senior official of the appropriate Federal banking agency), seek or accept any position as officer, director or other institution-affiliated party with any insured depository institution, or any other institution listed under 12 U.S.C. §§ 1818(b)(9) and (e)(7)(A), if such position involves service as a managing officer or chief executive officer or if such position involves participation in or oversight, directly or indirectly, of any phase of such institution's lending, appraisal, loan purchases or sales, credit-granting or investment activities in any form or manner.

2(a). In connection with any position sought or obtained by NOTKIN in accordance with paragraph 1 of this Order, NOTKIN, at the earliest practicable opportunity, and in any event at least thirty (30) days before accepting the new employment or appointment at any insured depository institution, shall provide written notice of such intended employment change to: (i) the Regional Director of the OTS's Southeast Regional Office at 1475 Peachtree Street, N.E., Atlanta, Georgia; and (ii) the Regional Director of the Federal Deposit Insurance Corporation . NOTKIN shall include the following information in such written notice: (i) the name and mailing address of the insured depository institution that may or intends to hire or appoint him; (ii) his intended title and position description at the hiring insured depository institution (including name of department, office, or branch where his work will be conducted); (iii) the name, address, and telephone number of the person who is the supervisor at the insured depository institution department, office or branch; and (iv) a reference to this Order.

(b). Also in connection with any position sought or obtained by NOTKIN in accordance with paragraph 1 of this Order, NOTKIN shall also provide a copy of this Order and the accompanying Stipulation to such insured depository institution prior to accepting such appointment or position.

3. Notwithstanding the terms of paragraph 1, above,

(a). If NOTKIN'S current employer, Aames Home Loan, or any successor or division thereof ("Aames Home Loan"), is acquired by or becomes affiliated with (through common ownership or otherwise) a federally-insured financial institution with the result that NOTKIN becomes an institution-affiliated person, as that term is defined in 12 U.S.C. § 1813(u), of the federally-insured institution, NOTKIN may continue to exercise the responsibilities of his current job, as described in Attachment A annexed to this Order.

(b). If Aames Home Loan is acquired by a federally-insured financial institution and NOTKIN becomes an institution-affiliated party as described in the preceding paragraph, NOTKIN shall provide written notice of that acquisition to the OTS within fifteen (15) days of the effective date of the acquisition.

(c). If Aames Home Loan is acquired by a federally-insured financial institution and NOTKIN becomes an institution-affiliated party as described in paragraph 3(a), above, NOTKIN shall provide written notice and a copy of this Order to Aames Home Loan, to the acquiror (hereinafter the "Employer"), and, if other than the OTS, to the primary regulator of the Employer within fifteen (15) days of the effective date of the acquisition..

(d). If Aames Home Loan is acquired by a federally-insured financial institution and NOTKIN becomes an institution-affiliated party as described in paragraph 3(a), above, NOTKIN shall give written notice of any change in NOTKIN's job title and/or responsibilities to the OTS and,

if other than the OTS, to the primary regulator of the Employer within fifteen (15) days of the effective date of the change in job title or responsibilities.

4. NOTKIN shall cease and desist from any action (alone or with another or others) for or toward causing, bringing about, participating in, counseling or the aiding and abetting of any unsafe or unsound practice or violation of any law or regulation in connection with the operation of any insured depository institution.

5. NOTKIN, shall pay restitution (but not as a penalty or fine) pursuant to 12 U.S.C. § 1818(b)(6), in the total amount of One hundred and twenty-five thousand dollars (\$125,000) within thirty (30) days of the issuance of this Cease and Desist Order. Said sum shall be paid by cashiers check or bank draft made payable to the Federal Deposit Insurance Corporation and delivered to Park T. Zimmerman, OTS, 1475 Peachtree Street, N.E., Atlanta , Georgia, 30309.

6. NOTKIN acknowledges and agrees that pursuant to 11 U.S.C. § 523(a)(11), his restitution obligation under this Order is not a dischargeable debt, and he waives any right to seek discharge of such obligation in any bankruptcy proceeding.

7. The Stipulation is made a part hereof and is incorporated herein by reference.

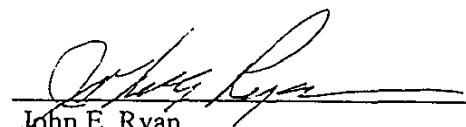
8. NOTKIN shall promptly respond to any request from the OTS for documents that the OTS reasonably requests to demonstrate compliance with this Order.

9. Any written notice that is to be provided to the OTS as required by this Order shall be sent to the Regional Director of the Southeast Region, OTS, 1475 Peachtree Street, N.E., Atlanta, Georgia, 30309.

10. This Order is subject to the provisions of section 8(j) of the FDIA, 12 U.S.C. § 1818(j).

11. This Order is and shall become effective on the date it is issued, as shown in the caption hereof. The Stipulation and the Order shall remain in effect until terminated, modified or suspended, in writing by the OTS, acting through its Director, Regional Director or other authorized representative.

OFFICE OF THRIFT SUPERVISION

By: 
John E. Ryan
Southeast Regional Director

ATTACHMENT A to Order To Cease & Desist for Affirmative Relief:

NOTKIN'S current job responsibilities as National Sales Manager for Aames Home Loan/One Stop Mortgage Company ("One Stop") are

- i) to acquire business for One Stop by causing borrowers to make applications for mortgage loans to One Stop,
- ii) to cause mortgage brokers or others to refer borrowers seeking mortgage loans to submit or make such loan applications to One Stop,
- iii) to present to One Stop mortgage loans originated by others for possible purchase, and
- iv) to supervise and manage other One Stop employees engaged in the same activities.

Neither NOTKIN nor any employee under his supervision or direction exercise decision-making responsibility for the underwriting, appraisal, sale, or funding or purchase of mortgage loans by One Stop.